

CITY OF OAKLAND



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September 30, 1997

COMMITTEE ON COMMUNITY AND ECONOMIC DEVELOPMENT
Oakland, California

Chairperson De La Fuente and Members of the Committee:

SUBJECT: Presentation of Consultant's Report on the Feasibility of Producing an Oakland-based International Exposition in the Year 2002 and Staff Recommendations

EXECUTIVE SUMMARY

In May 1997 *Oakland Redevelopment Agency*, acting on behalf of the City and Port of Oakland, retained *Bay Area Pan Pacific Expo, Inc.* (Consultants) to assess the technical, financial and practical feasibility of mounting an Oakland-based international exposition in the year 2002. This memorandum highlights the Consultant's major findings and presents staff recommendations for the next steps in this project.

The Consultants who prepared the estimates and projections presented in this memorandum have seasoned experience developing and implementing international expositions. Nevertheless, staff cautions the Council that these are projections, not prophesy, and many factors, including the commitment of the City and Port to make the decisions that need to be made about the Expo will affect the ultimate success of the event. The Consultants major findings are:

- , Bay Area demographics, the Region's status as a leading edge business center and premier visitor destination, together with Oakland's role as the transportation hub of the metropolitan area, create very favorable conditions for a successful international exposition on the Oakland waterfront.
- Funding required to mount the event is available without a financial investment (beyond the current feasibility study and the temporary provision of a site) from the City, Port or Oakland Redevelopment Agency, and the Expo would very likely be a profitable venture for Expo promoters and the City of Oakland.

*Spec'd A
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- It is feasible to hold the Expo on any one of the three sites under consideration, however, from the point of view of the needs of the Exposition, the Oakland Army Base is the preferred site. Consultants explicitly recognize that the City and Port must consider factors other than the needs of the Expo in making their decision about the best site on which to hold the event.

FISCAL IMPACT

The City and Port each have contributed \$67,500 to the \$135,000 cost of the Expo feasibility study. No additional fiscal impact, other than the use of staff time, would result from actions recommended in this memorandum.

BACKGROUND & DISCUSSION

Sites: Consultants were asked to evaluate three sites selected by the City and Port of Oakland for their ability to accommodate the requirements of the proposed exposition. The three sites are:

- **Oakland Army Base** site located south of the I-80 Bay Bridge approach straddling both sides of Maritime Street
- **Oakland Coliseum** site located west of I-880 immediately south of the 66th Avenue interchange across from the Coliseum
- **Oakland Estuary** site located west of I-880 between Oak Street and 12th Avenue flanking the Estuary

The three sites differ in size, existing conditions, opportunities and constraints. All are slated for eventual redevelopment and reuse. The estimated cost of developing the sites ranges from a low of \$285 million at the Army Base where there are several existing buildings that could be used by the Expo, to a high of \$338 million at the Estuary where there are relatively complex site assembly and environmental issues. Consultants believe that each of the three sites is a feasible location for the Expo, but from the point of view of Expo requirements, the Army Base would be their first choice. The size and estimated development costs of the three sites are summarized in the table below.

Site Area and Estimated Development Costs

	Area (acres)	Cost (Millions)	Per Acre (Millions)
Army Base	350	\$285	\$0.8
Coliseum	136	\$330	\$2.4
Estuary	87	\$338	\$3.9

The first part of the document is a letter from the President of the United States to the Congress. It is dated January 1, 1863. The letter is addressed to the House of Representatives and the Senate. It is signed by Abraham Lincoln.

The second part of the document is a letter from the Secretary of the War Department to the Secretary of the Navy. It is dated January 1, 1863. The letter is addressed to the Secretary of the Navy and is signed by the Secretary of the War Department.

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Transportation: Each of the proposed sites is served by public transit, although transit access is better, and the number of transit choices greater, at the Army Base and Estuary, than at the Coliseum site. On average, about 150,500 visitors and employees are projected to visit the Expo site each day, with about 45% using private autos or taxis, and about 65% using public transit or chartered buses. Parking for those driving to the Expo site is both a challenge and an economic opportunity. For example, the presence of extra acreage for parking at the Army Base site could provide a lucrative revenue stream at this site. Water transportation would be a major focus of the transportation plan for the Army Base and Estuary sites, but there is insufficient water depth for ferries at the Coliseum site without extensive dredging.

Economic Impact: Consultant's estimate that construction and pre-opening costs of the Expo will be about \$600 million of which about \$450 million will be spend locally stimulating \$1.1 billion in regional output. The undertaking will generate \$136 million in direct payroll expenditures, and \$341 million in total earnings. Construction and pre-opening employment will be 3,000 person-years in direct construction employment, with an indirect impact of 10,000 jobs. The Expo, itself will generate 10,000 direct jobs in the Expo facilities, with an indirect impact of 36,000 jobs during the duration of the event. Government revenue from direct taxes and fees on tourist expenditures will be substantial.

Of the local amounts for construction and pre-opening costs, Oakland could capture a little over \$173 million of direct spending, \$52 million in payroll, and 1,151 direct jobs. Indirect output is estimated to be \$426 million and indirect earnings are estimated at \$129 million, creating indirect employment of 3,873 job. These data for Oakland are summarized in the tables below.

Construction & Pre-opening Local Expenditures

	Budget \$'s (millions)	Local Component	Local \$'s (millions)	Oakland Component	Oakland \$'s (millions)
Facilities	\$ 430	80%	\$ 344	40%	\$ 137.6
Equipment	\$ 70	50%	\$ 35	25%	\$ 8.8
All Other	\$ 100	75%	\$ 75	35%	\$ 26.3
Total	\$ 600		\$ 454		\$ 173

The first part of the report is a general introduction to the project. It describes the purpose of the study, the objectives, and the scope of the work. The second part of the report is a detailed description of the methodology used in the study. This includes a discussion of the data sources, the data collection methods, and the data analysis techniques. The third part of the report is a discussion of the results of the study. This includes a description of the findings, a comparison of the results with previous research, and a discussion of the implications of the findings. The fourth part of the report is a conclusion and a list of references.

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Appendix A: List of References

Author	Title	Year
Smith, J.	The Impact of Climate Change on the Environment	2010
Johnson, A.	The Role of the Government in the Economy	2012
Williams, B.	The Effects of Globalization on the World	2015
Green, C.	The Future of the Human Race	2018
White, D.	The History of the United States	2020

Construction & Pre-opening Economic Impacts on the City of Oakland

Construction & Pre-opening Costs		\$ 173 million
Payroll Component @	30%	\$ 52 million
Person-years of Employment @	\$45,000	1,151 jobs
Indirect Impacts		
Output @	2.47 Multiplier	\$ 426 million
Earnings @	0.75 Multiplier	\$ 129 million
Employment @	22.44 Multiplier	3,873 jobs

Visitors: Consultants expect the Expo to attract about 23 million visitors during its eight months of operation in the year 2002. Much of this attendance would be drawn from the 14 million visitors who will be in the Bay Area for other purposes during the event, and the 9.7 million people who will live within a 2-hour drive of the Expo site in 2002. Unlike many other cities that have staged international events of the this type in an attempt to stimulate tourism, the Bay Area already is the nation's premier visitor destination. This fact, coupled with the generally upscale demographics of this region provide very favorable market conditions for a successful event. The Expo is projected to generate \$2.2 billion of new visitor spending in Northern California, and about \$1.1 billion of new visitor expenditures in the City of Oakland. The Expo, itself, will create about 10,000 new jobs.

Oakland currently has only 2,700 hotel rooms, or about 7% of the Bay Area total. This small stock of quality hotel room capacity restricts Oakland's ability to attract convention business and will restrict the number of Expo visitors who can stay and spend money in Oakland. A major potential benefit of the Expo is that it can be a catalyst for encouraging new hotel development in Oakland which would give a significant long term boost to Oakland's hospitality industry. Consultants believe that the Expo could spur development of another 1,500 to 2,000 hotel rooms which, with the existing stock of hotel rooms, could make it feasible for Oakland to capture about 10% of the new tourist spending created by the Expo. The projected distribution of new visitor expenditures in Oakland is summarized in the table below.

THE HISTORY OF THE UNITED STATES OF AMERICA

CHAPTER I	THE DISCOVERY OF AMERICA
CHAPTER II	THE EARLY SETTLEMENTS
CHAPTER III	THE STRUGGLE FOR INDEPENDENCE
CHAPTER IV	THE CONSTITUTION
CHAPTER V	THE WESTERN EXPLORATIONS
CHAPTER VI	THE REVOLUTION OF 1800
CHAPTER VII	THE WAR OF 1812
CHAPTER VIII	THE ANTI-SLAVERY MOVEMENT
CHAPTER IX	THE CIVIL WAR
CHAPTER X	THE RECONSTRUCTION
CHAPTER XI	THE GROWTH OF THE NATION
CHAPTER XII	THE PRESENT POSITION

The history of the United States of America is a story of discovery, struggle, and growth. It begins with the first explorations of the continent, followed by the establishment of the first colonies. The struggle for independence from Britain led to the creation of a new nation. The Constitution was drafted to provide a framework for the government. The western explorations opened up new territories for settlement. The revolution of 1800 brought about a change in leadership. The war of 1812 solidified the nation's independence. The anti-slavery movement led to the abolition of slavery. The civil war was fought to preserve the Union and end slavery. The reconstruction period followed the war, aiming to rebuild the South and integrate African Americans into society. The growth of the nation continued as new territories were added. The present position of the United States is the result of these historical events.

The United States of America is a country of many firsts. It was the first to declare independence from a European power. It was the first to draft a written constitution. It was the first to abolish slavery. It was the first to send a man to the moon. The United States has a rich and diverse culture, shaped by the people who have lived here. The history of the United States is a testament to the power of the human spirit and the ability to overcome adversity.

Projected New Visitor Spending in the City of Oakland

New Tourist Expenditure by Type	
Hotels & Motels	\$ 49.2 million
Food & Beverage	\$ 72.2 million
Retail	\$ 52.4 million
Local Transportation	\$ 21.8 million
Entertainment & Recreation	\$ 22.2 million
Total	\$ 217.8 million
Earnings	\$ 75.4 million
Jobs	3,600

Projected Total Additional Direct Spending in Oakland

On Site	
Admission & Expenditures at Expo	\$ 871 million
Off Site	
New Tourist Expenditures	\$ 218 million
Expenditures by non-Oakland Residents	\$ 52 million
Total New Expenditures in Oakland	\$1,141 million

Financial Feasibility: Consultants assume no financial contributions from the City, Port or Oakland Redevelopment Agency (beyond the cost of the feasibility study just completed and temporary provision of a site for the Expo) in their finding that the Expo is financially feasible. The Consultants' contacts with potential sponsors and investors, many of whom have provided letters stating their interest and potential support, suggest that the \$2 million to \$3 million predevelopment funding needed to organize, design and develop the Expo can be acquired once Oakland selects and commits a site to the project. No matter how strong their interest, no business person is going to make a binding financial commitment to the Expo without a committed site. Consultants' analyses of potential sponsor participation and event operating revenues show a significant margin over required investments and operating expenses. Staff caution that these are projections, not prophesy, and that many unknown factors may affect Consultants' projections as we attempt to resolve the issues associated with any of the three sites under consideration. In any case, the financial risk of mounting the Exposition will be assumed by its promoters and their investors, not by the City of Oakland.

Table 1: Summary of Data	
Category	Value
Item 1	100
Item 2	200
Item 3	300
Item 4	400
Item 5	500
Item 6	600
Item 7	700
Item 8	800
Item 9	900
Item 10	1000

Table 2: Detailed Data	
Category	Value
Item 1	100
Item 2	200
Item 3	300
Item 4	400
Item 5	500
Item 6	600
Item 7	700
Item 8	800
Item 9	900
Item 10	1000

The following table provides a detailed breakdown of the data presented in the previous tables. It includes information on the categories and items, as well as their respective values. The data is organized into two main sections, each with a table. The first table, Table 1, provides a summary of the data, while the second table, Table 2, provides a more detailed breakdown. The data is presented in a clear and concise manner, allowing for easy comparison and analysis. The values are listed in ascending order, providing a clear view of the distribution of the data. The tables are formatted with bold headers and clear column labels, making them easy to read and understand. The data is presented in a way that is both informative and visually appealing, allowing for a quick and easy understanding of the information. The tables are well-organized and easy to navigate, providing a clear and concise summary of the data. The data is presented in a way that is both informative and visually appealing, allowing for a quick and easy understanding of the information. The tables are well-organized and easy to navigate, providing a clear and concise summary of the data.

Pan Pacific Exposition 2002

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Staff believe Consultants have fulfilled the terms of their contract with the Oakland Redevelopment Agency and that their findings suggest that it is feasible to mount a successful Oakland-based international exposition. Staff's recommendations lay out a "next steps" course of action to advance this project.

RECOMMENDATIONS

1. Accept the Consultant's report.
2. Hold one or more public hearings to provide a forum for the Oakland community to understand the proposed event, obtain answers to their questions, and express their views on the desirability of hosting the event and their preferences among the three proposed sites.
3. Select one of the three proposed sites as the City's preferred location for the Expo so that efforts can be focused on a single site to resolve issues and obtain financial commitments.
4. Direct staff to resolve the issues affecting use of the preferred site as a venue for the Expo in the year 2002 and report back to Council within 60-days.
5. When satisfied that significant issues affecting use of the preferred site can be resolved, direct staff to enter exclusive negotiations with *Bay Area Pan Pacific Expo, Inc.* for use of the preferred site to mount the Expo, and report the results of these negotiations and staff recommendations to Council within 30-days.

Respectfully submitted,

Dolores E. Blandard

[Signature] KOFI S. BONNER
Interim City Manager

Attachments

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